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IN THE

Supreme Court of the United States

OCTOBER TERM, 1946

No. 504

JAMES MARR, Doing Business as MARR DUPLICATOR COMPANY,

Petitioner,

against

A. B. DICK COMPANY,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITIONER'S MOTION AND IN SUPPORT OF RESPONDENT'S SUGGESTION THAT THE WRIT OF CERTIORARI BE DISMISSED AS IMPROVIDENTLY GRANTED

ROBERT W. BYERLY
RALPH W. WATSON
Attorneys for Respondent

BRUCE BROMLEY
Of Counsel

March 27, 1947

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Petitioner has filed a motion described as a "Motion for Clarification or Modification", asking that this Court modify its order of November 12, 1946, either by taking some action with respect to the merits of the petition for certiorari or by directing that, pending consideration of the charge of fraud, the judgment of the District Court be vacated.

We do not, of course, presume to suggest to the Court what it should do with respect to the merits of the petition for certiorari, respondent's position on the merits having been fully set forth in its Brief in Opposition to the Petition for Writ of Certiorari.

In so far, however, as petitioner seeks to have the judgment of the District Court vacated in the absence of any

proof in support of the charge of fraud, we submit that not only is there no basis for such action, but that petitioner's application suggests the desirability of consideration by the Court of the question whether the writ was providently granted.

On November 12, 1946, this Court entered the following order in this cause:

> "PER CURIAM: The petition for writ of certiorari is granted. The judgment of the Circuit Court of Appeals is vacated and the cause is remanded to that court for consideration of the question, raised by the Solicitor General in his memorandum as amicus curiae, 'whether respondent's prosecution of the instant case may not constitute a fraud upon the courts'."

In making such order, this Court acted, not upon the petition for a writ of certiorari or the record before this Court, but upon a Memorandum for the United States as Amicus Curiae, which Memorandum quoted certain allegations made in an indictment and a complaint against respondent under the Sherman Act, filed in the United States District Court for the Northern District of Ohio, Eastern Division, on July 22, 1946, subsequent to the decision of the United States Circuit Court of Appeals for the Second Circuit sought to be reviewed by petitioner.

The allegations quoted in such Memorandum have not been admitted by respondent, and there has been no hearing in any court on the charge that the prosecution of this suit may be a fraud upon the courts. In the absence of such hearing or any proof whatever in support of the charge of fraud, we submit that there is no ground for vacating the judgment of the District Court.

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In *Universal Oil Products* v. *Root Refining Co.*, 328 U. S. 575, this Court found that the investigation of the charge of fraud in that case had been informal and said:

> ". . . the usual safeguards of adversary proceedings must be observed. * * * obviously, a court cannot deprive a successful party of his judgment without a proper hearing" (328 U. S. 575, 580).

In making its order vacating the judgment of the Circuit Court of Appeals and remanding this cause to that Court for consideration of the question "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts", this Court evidently acted upon the misapprehension that the charges set forth in the Memorandum for the United States as Amicus Curiae constituted new matter supervening the decision below. *Watts, Watts & Co.* v. *Unione, Austriaca,* 248 U. S. 9. In fact, however, those very charges were made in the answer and counterclaim of petitioner, defendant below, filed in this suit in the District Court of the United States for the Southern District of New York on October 1, 1929. In compliance with Rule 38 of the Rules of this Court, the printed record filed herein consisted of the record on appeal printed for the use of the court below, with only such additions as were necessary to show the proceedings in that court and the opinions there, and did not include other matter not essential to a consideration of the questions presented by the petition for the writ. Inasmuch, however, as this Court went outside such record in reaching its decision, there is submitted herewith as a separate Appendix to this brief a copy of each of the pleadings filed in the District Court—including the aforesaid answer and counterclaim and respondent's reply thereto—pleadings which would necessarily have been part

of the record before this Court if the petition for certiorari had sought to raise the question on which this Court has acted.

In failing to reply to the Solicitor General's Memorandum, counsel for respondent relied upon what they understood to be the established rules:

(1) That this Court would consider "only the questions specifically brought forward by the petition for the certiorari" (Rule 38(2) of the Rules of this Court; *Gunning* v. *Cooley*, 281 U. S. 90, 98); and

(2) That only a party to the record has any standing in this Court to apply for certiorari (§ 240(a) of the Judicial Code; *Posner* v. *Anderson*, 293 U. S. 531).

By thus failing to reply to the Solicitor General's Memorandum, counsel for respondent may have appeared—albeit unintentionally—to confirm the wholly erroneous implication of such Memorandum that the charge of fraud therein contained was, like the proof of fraud under consideration in *Hazel-Atlas Co.* v. *Hartford-Empire Co.*, 322 U. S. 238, new matter occurring subsequent to the decision below and extrinsic to the record.

The fact is, however, that the Solicitor General's charge of fraud is the precise charge of fraud asserted by petitioner (defendant below) in this case in its answer to the complaint herein. All the allegations of fraud and suppression of evidence set forth in the anti-trust indictment and complaint and quoted in the Solicitor General's Memorandum were alleged, and controverted, in considerably greater detail in the original pleadings herein. (See Appendix, particularly pars. 13, 14, 16, 17, 18, 20, 21 and 25 of answer, par. 1 of counterclaim). Such allegations, if

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true, would, of course, have constituted a defense to this infringement suit.

Manifestly, the truth or falsity of such allegations cannot be determined by this Court. Suffice it to say, that such allegations were denied by the plaintiff (Reply, pars. 1 and 4) and that defendant, presumably after further investigation of the charges made in his answer, did not even attempt to introduce any evidence with respect thereto at the trial.

In effect, therefore, what this Court has done is to grant defendant a new trial on a defense abandoned by him at the trial in the District Court and not raised either on his appeal to the Circuit Court of Appeals or on his petition to this Court for certiorari.

We recognize, of course, that newly discovered evidence, particularly in a matter affecting patent validity and claimed suppression of evidence, might justify reopening a case. *Hazel-Atlas Co.* v. *Hartford-Empire Co.*, 322 U. S. 238. In that event, however, the claimed grounds for reopening must be set forth in an adequate pleading, with an opportunity afforded to plaintiff to test the right to such relief on the facts and on the law.

But, we submit, it is not for this Court, in the absence of either appropriate pleading or proof, to direct a new trial on a defense pleaded below but abandoned on the trial.

Since the case presents no question of law or supervening fact justifying any action by this Court, the petition for a writ should have been denied. And "whenever in the progress of the cause facts develop which if disclosed on the application would have induced a refusal, the court may upon motion by a party or *ex mero motu* dismiss the writ." *Furness' Withy & Co.* v. *Yang-Tsze Ins. Ass'n*, 242 U. S. 430, 431.

CONCLUSION

For the foregoing reasons, it is submitted that the petitioner's motion, in so far as it requests vacation of the judgment of the District Court, should be denied; and it is respectfully suggested that this Court dismiss the writ of certiorari as improvidently granted.

Respectfully submitted,

ROBERT W. BYERLY
RALPH W. WATSON
Attorneys for Respondent

BRUCE BROMLEY
Of Counsel

March 27, 1947.

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Respondent.

APPENDIX TO BRIEF FOR RESPONDENT
PLEADINGS

ROBERT W. BYERLY
RALPH M. WATSON
Attorneys for Respondent

BRUCE BROMLEY
Of Counsel

March 27, 1947

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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

A. B. DICK COMPANY, Complainant, *against* JAMES MARR, doing business as MARR DUPLICATOR COMPANY, Defendant.	In Equity

Bill of Complaint
(Filed August 7, 1929.)

TO THE HONORABLE THE JUDGES OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, SITTING AS A COURT OF EQUITY:

A. B. DICK COMPANY, a corporation organized and existing under the laws of the State of Illinois, presents this its bill of complaint against JAMES MARR, doing business as MARR DUPLICATOR COMPANY and having a regular and established office and place of business in the Borough of Manhattan, City of New York, in said State, wherein he has committed acts of infringement as hereinafter charged, and hereinafter designated the defendant. And thereupon your orator complains and says:—

1. That this is a suit in equity arising under the patent laws of the United States.

2. That it is informed and believes and, therefore, avers that on and prior to the 7th day of April, 1922, Edward W. Hill of Chicago, Cook County, Illinois, was the

original, first and sole inventor of certain new and useful improvements in Stencil Sheets not known or used by others in this country before this invention thereof and not patented or described in any printed publication in this or any foreign country before his invention thereof, or more than two years prior to his application for Letters Patent of the United States hereinafter mentioned, and not in public use or on sale in this country for more than two years before his said application, and not abandoned by him prior to the said application, and not patented or caused to be patented by him or his legal representatives or assigns in any foreign country upon an application filed more than twelve months prior to the filing of his said application in this country. And that being such original, first and sole inventor, said Hill did on said 7th day of April, 1922, make application in due form of law to the Commissioner of Patents of the United States for Letters Patent for said invention and duly swore to the specification thereof, and requested the Commissioner of Patents to issue to him any Letters Patent which might be granted upon his said invention, and then and there fully and in all respects complied with all the necessary conditions and requirements of the statutes of the United States in such cases made and provided, and duly assigned the said invention and application and the Letters Patent to be issued pursuant to said application by a proper assignment in writing duly executed and delivered to A. B. Dick Company, an Illinois corporation, having its principal place of business in the City of Chicago and State of Illinois. That thereupon such proceedings were had with respect to said invention and application that on the 17th day of February, 1925, Letters Patent No. 1,526,982 were duly issued for said invention and on said application to said A. B. Dick Company, its successors and assigns, in conformity with the statutes in such case made and provided. And the plaintiff brings here into Court a duly authenticated copy of said Letters Patent and prays that the same may be taken as part of this bill.

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3. That heretofore and prior to the commission by the defendant of the infringing acts hereinafter complained of, your orator, said A. B. Dick Company, became and it has ever since been and now is vested with and possessed of the full and entire right, title and interest in and to said Letters Patent No. 1,526,982.

4. That the said invention was put into actual use by your orator prior to the issuance of said letters-patent No. 1,526,982 and your orator since the issue of said letters-patent has marked, or caused to be marked, the stencil-sheets embodying the said invention which have been made, sold or used by your orator by fixing thereon the word "Patented" together with the day and year the said patent was granted, as directed by the statute in such cases made and provided.

5. That your orator has introduced said invention to the public and made the same useful to the public and the manufacture and sale thereof profitable to itself, and a large and important demand exists therefor, which demand your orator has been and is ready to supply.

6. That said letters-patent No. 1,625,982 have heretofore been in controversy in a suit in equity in the United States District Court for the Southern District of New York, wherein your orator was complainant and Simplicator Corporation and Martin S. Herbert were defendants; that the bill of complaint in said suit was filed in 1925 and charged the defendants with the infringement of said letters-patent No. 1,562,982; that thereafter the defendants appeared by counsel and issue was joined by the filing therein of an answer of the defendants, and in said answer and sundry amendments thereto said defendants set up all the defences usual in patent cases, including a large number of patents and references to literature and asserted uses alleged to anticipate the invention set forth in said letters-patent No. 1,562,982, for the details of which your orator refers to said answer and amendments thereof; that at final hear-

ing and trial of the said suit the defendants examined large number of witnesses and introduced depositions other witnesses and many patents and references to liter ture in support of its defences, and the merits thereof we exhaustively presented by evidence, arguments and brief and thereafter, on or about the 21st day of January, 192 the Court handed down an opinion (reported in 30 F. [2 713) holding that the said letters-patent were valid a that the defendants had infringed said letters patent; th on or about the 29th day of January, 1929, said Court du entered its interlocutory decree holding said letters-pate good and valid in law, owned by your orator and infring by the defendants, and directing that a perpetual injun tion be issued against said defendants restraining the i fringement of said letters-patent; that thereupon sa defendants prayed and perfected an appeal therefrom the United States Circuit Court of Appeals, and on t 8th day of July said United States Circuit Court of Appea for the Second Circuit handed down its opinion, a copy which is hereto attached and made a part hereof. Petitio on behalf of the parties for reconsideration and rehearin have not yet been acted on by the Court.

7. That your orator and its predecessors have create and own an established business and valuable good-wi consisting in the manufacture of machines for multiplyin copies, commonly called duplicating machines, and stenci sheets and other supplies therefor, and in the conduct its said business it has always sought to market, a markets, the whole process, good machines and cooperatin good supplies being necessary for the best results and co sequent demand, and it has sold, and sells, the machin practically at cost to produce the business in supplies upo which it depends for its profits, wherefore there is excep tional temptation to profit by infringement of patents cove ing its stencil-sheets, and such infringement works excep tional damage not only in the loss and diversion of profi which of right belong to your orator, but also in jeopardizin and impairing your orator's business and good-will.

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8. That, upon information and belief, the defendant has a regular and established place of business in the Southern District of New York and is there committing infringing acts hereinafter mentioned by selling stencil-sheets designated "Vellam", embodying the invention claimed in the claims of said letters-patent held valid in said decision of said Court of Appeals.

9. That, upon information and belief, the said defendant since the acquisition by your orator of its rights under said letters-patent as hereinabove set forth and prior to the execution of this bill of complaint, without license or permission of your orator and in infringement of said letters-patent, has been and still is practicing and causing to be practiced the invention in said letters-patent set forth and claimed, and has been and is now making, using and selling or causing to be made, used and sold stencil-sheets employing and containing and operating in accordance with the invention in said letters-patent set forth and claimed, and that said defendant is prepared and ready and threatens to continue said infringement, and unless restrained therefrom your orator will suffer great and irreparable damage from such unlawful acts and the defendant has derived and received and still is deriving and receiving from said infringing acts great gains and profits.

Wherefore your orator prays:—

1. That process of subpoena issue herein directed to the said James Marr commanding him to appear and answer each and every allegation herein contained, but not under oath (an answer under oath being hereby expressly waived), the same and as fully as if directly interrogated as to each.

2. That the said defendant James Marr, his servants, agents, employees and confederates, may be perpetually enjoined and restrained by the decree and injunction of this Court from directly or indirectly infringing upon said letters-patent No. 1,526,982 or any of the claims thereof

held valid by said decision of the United States Circuit Court of Appeals for the Second Circuit, and particularly from manufacturing, using or selling stencil-sheets employing the invention set forth in said letters-patent and claimed in said claims thereof.

3. That a temporary restraining order or preliminary injunction be issued without delay directed to the said defendant, enjoining and restraining him as prayed in the next preceding paragraph numbered 2.

4. That the defendant be directed to disclose and account for and pay over to your orator the amount of all gains and profits received by him from his infringing acts and pay to your orator all damages your orator has sustained thereby and that such damages be increased as provided by law.

5. That the said defendant may be decreed to pay the costs and disbursements of this suit; and that your orator may have such other and further relief as to this honorable Court may seem meet.

ARCHIBALD COX
Solicitor and Counsel for Complainant

STATE OF ILLINOIS }
COUNTY OF COOK } ss.:

ALBERT B. DICK, JR., being duly sworn, deposes and says that he is the vice-president of A. B. Dick Company, the complainant named in the foregoing bill of complaint; that he has read the said bill and knows the contents thereof, that the same is true of his own knowledge save in so far as allegations therein contained are based upon information and belief and as to such allegations he believes it to be true. He doth further depose and say that he verily believes Edward W. Hill to be the first, original and sole inventor of the invention set forth and claimed in letters-patent No. 1,526,982 in suit.

ALBERT B. DICK, JR.

Subscribed and sworn to before me, }
this 19th day of July, 1929. }

[SEAL] GEORGE E. BENDER
Notary Public

Notary Public
Commission Expires
April 18, 1931

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

A. B. DICK COMPANY, a Corporation, Plaintiff, *vs.* JAMES MARR, doing business as Marr Duplicator Company, Defendant.	In Equity No. 50-59

Answer and Counterclaim of James Marr

(Filed October 1, 1929)

Defendant, James Marr, now, and all times hereafter, saving and reserving to himself all and all manner of benefit and advantage of exception which may be had, or taken, to the many errors, imperfections, and insufficiencies contained in the Bill of Complaint filed by plaintiff herein, and specifically denying each and every allegation made in said Bill, except as to matters specifically hereafter admitted, for answer thereunto, or unto so much and such parts thereof as this defendant is advised that it is material or necessary to make answer unto, states that defendant is not informed as to whether the exact name of the plaintiff is A. B. Dick Company, and/or whether the plaintiff was and/or still is a corporation created under the laws of the state of Illinois, and leaves plaintiff to make proof thereof, and defendant denies that he has committed acts of infringement as charged in the Bill of Complaint in the city of New York, Borough of Manhattan, or elsewhere.

1. Answering paragraph 1 of the Bill of Complaint, defendant admits that the present suit is one in equity

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arising under the Patents Laws of the United States, but denies the jurisdiction of this Court to adjudicate the same while there is already pending by the same plaintiff against this defendant a suit charging infringement of United States Letters Patent No. 1,526,982 in the Southern Division of the United States District Court for the Northern District of California, Third Division, said latter suit having been instituted long prior to the filing of the Bill of Complaint in the present case.

2. Answering paragraph 2 of the Bill of Complaint, this defendant denies that on or before the 7th day of April, 1922, Edward W. Hill of the city of Chicago and state of Illinois, was the original and sole and first inventor of certain new and useful improvements in Stencil Sheets not known and/or used by others in this country before his invention thereof and not patented or described in any printed publication in this or any foreign country before his invention thereof, or more than two years prior to said application of Edward W. Hill for Letters Patent of the United States; and said defendant further denies that said alleged improvements were not in public use or on sale in this country for more than two years before said application, and that said alleged improvements had not been abandoned by said Hill or his hereinafter named assignee—plaintiff herein—prior to the aforesaid application; and said defendant further denies that said improvements were not patented or caused to be patented by said Hill, or his legal representatives or assigns, in any foreign country upon an application filed more than twelve months prior to the filing of the aforesaid Hill application in the United States; defendant further denies that being an original, first and sole inventor, said Hill on the 7th day of April, 1922, made application in due form of law to the Honorable Commissioner of Patents of the United States for Letters Patent for said invention, and denies that said Hill and/or his assignee did then and there fully and in all respects comply with all the necessary conditions and re-

quirements of the statutes of the United States in such cases made and provided; and further denies that said invention and application and the Letter Patent alleged to be issued pursuant to said application were assigned to the A. B. Dick Company, and defendant, while admitting the purported issuance from the United States Patent Office of Letters Patent No. 1,526,982, denies that said issuance was in conformity with the statutes in such cases made and provided, and defendant further is without knowledge that the Letters Patent alleged to have been brought into Court with the present Bill of Complaint is a duly authenticated copy of said Letters Patent and leaves plaintiff to strict proof of the same.

3. Defendant denies the assignment of title in paragraph 3 of the Bill of Complaint herein, and further denies that plaintiff herein is in possession of any rights, title or interest in and to Letters Patent of the United States No. 1,526,982 and/or the invention purported to be disclosed therein, and denies that because of said purported assignment, plaintiff has a right of action against this defendant.

4. Answering paragraph 4 of the Bill of Complaint, defendant denies that plaintiff herein—prior to the issuance of said Letters Patent No. 1,526,982, and/or since the issuance of said purported Letters Patent—has marked any product made in accordance with the disclosure of said Letters Patent and/or marketed the same, and further denies that any products made in accordance with said Letters Patent have been sold with the word "Patented" together with the day and year of the grant of the aforesaid patent fixed thereupon.

5. Answering paragraph 5 of the Bill of Complaint, defendant denies that plaintiff has introduced the purported invention to the public and made the same useful thereto, but rather asserts that the stencil sheets offered to the public by plaintiff do not embody the formula described in the aforesaid Letters Patent No. 1,526,982, and do not con-

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stitute an embodiment thereof and do not possess the attributes and characteristics of stencil sheets manufactured under and in accordance with said formula, but on the contrary believes it to be a fact that said stencil sheets embody a formula which is nowhere described and/or disclosed in the said Hill patent, but rather was invented and devised by others for the purpose of correcting vital faults and defects in the formula purported to be disclosed by said Hill, and that this defendant, after ascertaining the aforesaid vital shortcomings in the stencil paper purported to be described in said Hill Patent, of necessity, in order to produce stencil sheets acceptable to the trade, adopted a formula which is in no wise comparable to, or covered by, that disclosed in the claims of the patent here in suit; and defendant further asserts that the Patent in suit does not describe a commercially practical stencil sheet and/or does not teach workers on the stencil paper art how to make a stencil sheet that is satisfactory; and defendant further denies that the invention of the patent in suit was introduced to the public by plaintiff and the manufacture and sale thereof made profitable to plaintiff, denies that plaintiff herein has created the purported large and important demand existing for stencil paper, but on the contrary asserts the fact to be that throughout the consuming trade, defendant's stencil sheet is as much, if not more, in demand than that sold by plaintiff.

6. Answering paragraph 6 of the Bill of Complaint, defendant admits that said Patent No. 1,526,982 has heretofore been in controversy in a suit in equity entitled "A. B. Dick Company vs. Simplicator Corporation" in the United States District Court for the Southern District of New York, that said cause went to final hearing, whereafter the District Court handed down an opinion holding said patent valid and infringed, and that thereafter—upon the argument of an appeal—the Circuit Court of Appeals for the Second Circuit, rendered an opinion on the 8th day of July, 1929, in which opinion the Court of Appeals dismissed the

suit as to claims 1, 5, 10, 15, 17, 19 and 20 and affirmed the decree of the District Court otherwise; but this defendant asserts the fact to be that the defenses set forth in said A. B. Dick Company vs. Simplicator case were incomplete and inadequate, that counsel for defendants in said Dick vs. Simplicator suit were wholly uninformed of certain things—presently to be discussed—which serve to invalidate the patent here in suit and render it of no force and effect, that the Court's decisions in said Simplicator suit were based upon a wholly imperfect and vitally incomplete record which failed to set forth all matters of defense relevant and material to the questions of novelty, validity, and equitable estoppel, and that said decisions, irrespective of their effect upon the defendants immediately before the Courts in said Dick vs. Simplicator case are of no effect in establishing the validity of any of the claims of the Patent here in suit against the present defendant, which latter was not a party to the Simplicator suit, and which as herein set forth is already defending a suit under the same patent brought before the date of the instant suit in the aforeidentified District Court of California.

7. Answering paragraph 7 of the Bill of Complaint, defendant denies the allegations thereof, and in particular denies that plaintiff's supplies are necessary to be used with plaintiff's machines in order to eventuate the best results, and rather asserts it to be the fact that throughout the consuming trade, defendant's supplies are as readily acceptable and in consequent demand for use upon all machines including the plaintiff's goods, and further asserts that it has been specifically held that the A. B. Dick Company has no legal right to maintain the use of supplies of its manufacture only on its duplicating machines; defendant further particularly denies that plaintiff has sold its duplicating machines practically at cost, but on the contrary asserts the fact to be that such machines are sold at a substantial profit, and defendant therefore denies that plaintiff herein depends on the business of supplies for said machines for its profits; and in addition

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defendant particularly denies the relevancy of the matters and things set forth in the latter portion of said paragraph 7 of the Bill of Complaint, but on the contrary asserts that the settled doctrines of Equity Jurisprudence, hold that the manner in which plaintiff conducts its business in the manufacture and sale of its duplicating machines and supplies therefor, including stencil paper, has no bearing upon said plaintiff's rights under the patent here in suit.

8. Answering paragraph 8 of the Bill of Complaint, defendant denies that it is committing infringing acts in the Southern District of New York, and that stencil sheets designated "Vellam" embody the invention purportedly claimed in the claims of Letters Patent No. 1,526,982 held valid in the decision of the Court of Appeals of the Second Circuit, Dick vs. Simplicator; and further denies that the stencil sheets sold by defendant are in any wise comparable to those considered in said Dick vs. Simplicator suit.

9. Answering paragraph 9 of the Bill of Complaint, defendant denies that plaintiff herein has acquired any rights by reason of the issuance of the aforesaid Letters Patent No. 1,526,982 and denies that it has committed any act of infringement in the Southern District of New York or elsewhere, or has made, sold or used, or caused to be made, sold or used, stencil sheets in accordance with the purported invention in said Letters Patent or that it is prepared and ready and is threatening to continue any such alleged infringement, and further denies that plaintiff will suffer damage from any acts of infringement done by defendant herein and/or that defendant herein is receiving and deriving gains or profits for any infringing acts, but rather asserts that defendant is not now and never has done any act or thing which constitutes a trespass or infringement of any of plaintiff's rights under said Letters Patent or otherwise, and accordingly denies that plaintiff herein is entitled to the relief prayed for in the Bill of Complaint, or to any other relief.

10. Answering further, this defendant denies that the alleged improved stencil sheet described and claimed in said Letters Patent No. 1,526,982, contains or embodies any material improvement or advance over what had previously been known to those skilled in the art, but on the contrary, avers the fact to be that the claims of the said Letters Patent, and each of them, are invalid and void for the following reasons, to wit:

(a) That the said Edward W. Hill was not the original, sole and first inventor or discoverer of the invention alleged to be described and claimed in said Letters Patent or of any material or substantial part thereof; but that the same and all material and substantial parts of the alleged invention (prior to the date of the alleged invention of the said Edward W. Hill) had been patented or described in printed publications and letters patent as identified in paragraph 10 (e) and 10 (f) hereof, as well as in many other patents and publications which defendant prays leave hereinafter to insert, and that the alleged invention described in said purported Letters Patent does not, in view of the state of the art as existing prior to the date of the said alleged invention, contain any patentable novelty, but consists in the mere adaption of well known devices to their required use, and involves only mechanical skill.

(b) That said Edward W. Hill was not the first, true and original inventor of the things alleged to be patented by said Letters Patent No. 1,526,982, or any material or substantial part thereof, and this defendant further avers, on information and belief, that said Edward W. Hill in applying for and obtaining said Letters patent unlawfully and wrongfully applied for and obtained a patent in his own name for that which in fact had been devised by others.

(c) That said Edward W. Hill was not the first, true and original inventor of the alleged invention de-

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scribed in said purported Letters Patent Numbered 1,526,982 but was preceded by others who, anterior to the acts of said alleged inventor, had made and perfected the alleged invention of said purported letters patent.

(d) That the alleged invention or improvements claimed in said purported Letters Patent No. 1,526,982 was not, at the date of application therefor, or at the date of the supposed invention or discovery thereof by said Edward W. Hill, a patentable art, machine, composition of matter, article or improvement thereof, under the acts of Congress in such cases made and provided.

(e) That long prior to the making by said Hill of the alleged invention or improvement described and claimed in said purported Letters Patent No. 1,526,982 the same, or substantial and material parts thereof, was or were described and shown in the letters patent enumerated in the following list; that more than two years prior to the application date of the application upon which purported Letters Patent Numbered 1,526,982 were issued, the alleged invention described and claimed therein, or substantial and material parts thereof, was or were described and shown in the hereinafter set forth Letters Patent which bear dates more than two years prior to the filing date of the application for said Letters Patent Numbered 1,526,982; that prior to the alleged invention or improvements described and claimed in said purported Letters Patent Numbered 1,526,982, the same, or substantial and material parts thereof was or were invented by or known to the inventors and patentees of the Letters Patent mentioned in the following list at the respective places of residence of the inventors and patentees mentioned in said Letters Patent, and that said alleged invention was described in many other letters patent and publications,

and known to many other persons which as yet this defendant has not fully ascertained, but which it prays leave to insert in this Answer by amendment as soon as discovered—the patents above mentioned being as follows, to wit:

18,338	Henry Hoffman	Oct.	6, 1957
86,841	J. L. Kendall	Feb.	9, 1869
97,454	Daniel Spill	Nov.	30, 1869
102,798	Octave E. Fillion	May	10, 1870
139,333	Charles Rotter	May	27, 1873
158,188	Alfred Starr	Dec.	24, 1874
215,833	S. S. Nickerson	May	27, 1879
231,122	A. J. Underhill	Aug.	10, 1880
251,410	Wm. B. Carpenter	Dec.	27, 1881
352,726	Wm. V. Wilson	Nov.	16, 1886
377,706	John Broderick	Feb.	7, 1888
466,557	Albert B. Dick	Jan.	5, 1892
467,890	W. G. Fuerth	Jan.	26, 1892
545,093	C. T. Pomeroy	Aug.	27, 1895
548,116	E. DeZuccato	Oct.	15, 1895
562,590	Albert B. Dick	June	23, 1896
587,096	A. Kennedy	July	27, 1897
603,001	W. H. Wood et al	Apr.	26, 1898
615,319	J. H. Stevens	Dec.	6, 1898
728,461	Howard M. Hay	May	19, 1903
761,668	Thomas S. Fox	June	7, 1904
848,557	A. D. Klaber	March	26, 1907
995,780	Wm. G. Fuerth	June	20, 1911
1,069,435	H. E. Krueger	Aug.	5, 1913
1,101,240	Frank D. Belknap	June	23, 1914
1,101,241	Frank D. Belknap	June	23, 1914
1,101,258	Albert B. Dick	June	23, 1914
1,101,268	Louis E. Fuller	June	23, 1914
1,196,098	Sydney W. Fuerth	Aug.	29, 1916
1,215,098	James A. Bailey et al.	Feb.	6, 1917
1,231,554	James A. Bailey et al.	July	3, 1917
1,238,906	William G. Fuerth	Sept.	4, 1917

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1,243,780	Edward Thomas	Oct.	23, 1917
1,244,188	Louis W. Fuller	Oct.	23, 1917
1,244,189	Louis W. Fuller	Oct.	23, 1917
1,293,077	W. G. Fuerth	Feb.	4, 1919
1,304,120	Edward Thomas	May	20, 1919
1,316,067	Charles E. Swett	Sept.	16, 1919
1,371,157	David G. Gestetner	March	8, 1921
1,461,867	S. Elliott	June	17, 1923
1,468,791	C. D. Abraham	Sept.	25, 1923
1,481,834	Sterling Elliott	Jan.	29, 1924
1,592,340	Paul Campion	July	13, 1926
1,592,338	Paul Campion	July	13, 1926
1,592,340	Paul Campion	July	13, 1926
Reissue 8,853	Eugenio De Zuccato	Aug.	12, 1879

British Patents

607,	of	1856	Pierre H. G. Berard
1,884	"	1857	Pierre H. G. Berard
639	"	1858	Pierre H. G. Berard
2,849	"	1859	Rollason
2,484	"	1878	Charles M. Jacob
3,150	"	1874	Eugenio DeZuccato
3,647	"	1877	Eugenio DeZuccato
12,013	"	1877	Herbert J. Allison
7,975	"	1897	Hugo Bitner
17,602	"	1897	Philip M. Justice
16,429	"	1901	Arthur Cohn
2,167	"	1904	Peter C. D. Castle
23,547	"	1909	Max Friedlander & P. Tuebben
6,519	"	1910	Arthur A. A. Zimmer
18,607	"	1910	Alice M. Hart
2,064	"	1911	Heinrich Dittmar
6,387	"	1913	Dr. Leon Lillienfeld
105,137	"	1917	L. C. Woolldridge
127,678	"	1919	Camille Dreyfus
162,681	"	1921	David Gestetner
198,711	"	1923	Paul Campion

French Patents

361,954	Soc. A. Patat & Cie	Dec. 1, 1906
465,345	Soc. anon Nouvelle L'Cyonnithe	Feb. 3, 1914

German Patents

94,230	The Publishing, Advertising and Trading Syndicate	Sept. 20, 1897

Austrian Patents

65,360	Girzik	Feb. 1, 1914

Belgian Patents

292,613	Paul Campion	Dec. 7, 1920
292,843	Paul Campion	Dec. 22, 1920

(f) That more than two years before the date of application for said Letters Patent No. 1,526,982 the alleged improvements described and claimed therein, and every material and/or substantial part thereof, had been described and/or published in the Letters Patent set forth in paragraph 10 (e) with the exception of those patents which were granted and/or published after April 7, 1922, with respect to which in the case of Letters Patent of the United States, the patentees thereof had prior knowledge of said alleged improvement, and that said alleged inprovement, and/or all material and essential parts thereof—in view of which no invention was involved in proposing said alleged improvement—was and were described in the following printed publications:

Ullmann "Encyklopaedie der Technischen Chemie" Vol. 1, pages 114 ff.,

"Nitrocellulose Industry" by E. C. Worden, Published at New York, N. Y., 1911, particularly

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pages 299, 309, 326, 327, 365, 370, 385, 394, 405, 415, 416, 417, 435, 437, 439, 452, 480, 523, 824 and 1690 thereof,

"The Extra Pharmacopoeia" 1920, published by Lewis & Co., Ltd., Col. 1, p. 344,

"Technology of Cellulose Esters" by E. C. Worden, Vol. 8 (1916) pp. 2574, 2771,

"National Pharmacopoeia" of 1833

"Cassells Cyclopaedia of Photography" 1915

and also many other letters patent of the United States and foreign countries and many other printed publications not now fully known to this defendant but which, when ascertained, defendant prays leave to hereafter furnish and incorporate in this his answer.

(g) That for more than two years before the date of application of the said Patent No. 1,526,982 the alleged improvements described and claimed therein had been in public use or on sale in the United States by the several patentees of the patents listed in paragraph 10 (e) and/or their privies, at the several places mentioned therein, or elsewhere, as well as by the following:

C. E. Archbald, Main Street, New Brunswick, N. J.,
The H. E. Smith Co., and H. E. Smith, Newark, N. J.,
Louis A. Barnett, Mimeo Service Bureau, 132 Nassau St., New York, N. Y.,
Edward J. Calhoun, Loyola University, Chicago, Ill.,
Paul Thomas Calhoun, Chicago, Illinois,
H. L. Shallcross, Philadelphia, Pa.,
Alfred P. Shallcross, Chicago, Illinois,

William L. Decker, Tottenville, Staten Island, New York, N. Y.,
Fred W. Barker, New York, N. Y.,
The Naz-Dar Company 4014 North Rockwell St., Chicago, Ill.,

at said addresses and elsewhere.

(h) That said alleged improvements of said Patent No. 1,526,982 were known before the alleged invention thereof by said Hill, not only to the patentees and/or the privies thereof heretofore listed in paragraph 10 (e) and to those responsible for, or who were readers of, those publications identified in paragraph 10 (f), and to the aforesaid users and/or sellers identified in paragraph 10 (g), but also to the following:

C. E. Archbald, Main St., New Brunswick, N. J.,
Edward J. Calhoun, Loyola University, Chicago, Ill.,
Paul Thomas Calhoun, Chicago, Ill.,
Christopher Maes, St. Louis, Mo.,
Rev. Patrick J. Monahan, Loyola University, Chicago, Ill.
Rev. Geo. J. Leahy, Loyola University, Chicago, Ill.,
Perry N. Hoover, Sears Roebuck Co., Chicago, Ill.,
Emily A. Ward, Sears Roebuck Co., Chicago, Ill.,
Robt. F. Spirig, Holy Father Church, Chicago, Ill.,

at said addresses and elsewhere.

(i) That on information and belief the alleged inventions set forth in said Letters Patent here in suit were abandoned and passed into the possession of the public before the date of the alleged infringement charged in the Bill of Complaint, and that said alleged inventions were abandoned either by the patentee Hill and/or by his assignee, plaintiff herein, prior to the

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filing date of the application upon said purported Letters Patent were issued.

(j) That on information and belief, the Letters Patent here in suit were unlawfully granted because certain essential prerequisites required by the Acts of Congress were not fulfilled and because said grant, as made, exceeded the jurisdiction of the Patent Office, the Commissioner of Patents, and other officers purported to have authority to execute such grants.

(k) That the description contained in said Letters Patent here in suit is ambiguous and indefinite and the disclosure therein of the alleged invention is not in such full, concise, and exact terms as to enable persons skilled in the art to practice the same without the exercise of invention.

(l) That each and all of the claims of said Letters Patent No. 1,526,982 are excessive in breadth and scope, and that although this is well known to plaintiff, it has not been cured within a reasonable time by disclaimer, wherefore said claims, and each of them is void.

(m) That the claims set forth in said Letters Patent No. 1,526,982 are ambiguous and indefinite, wherefore the same are void and invalid.

(n) That the plaintiff possesses neither legal or equitable title to the purported Letters Patent No. 1,526,982 sufficient to support and sustain said Bill of Complaint and the remedy sought to be secured thereby.

(o) That the claims of the purported Letters Patent No. 1,526,982, and each of said claims, do not cover a valid and patentable combination, but embrace a mere aggregation of elements forming no true and proper combination and cooperation in a patentable sense, and are not patentable in law.

(p) That the invention claimed in the patent in suit, in so far as it is embodied in the product of this defend-

ant, is substantially different from the original disclosure in the application for the patent in suit as originally filed, that the applicant substantially broadened and enlarged the scope of the alleged invention after having obtained knowledge during the prosecution of the application for the patent in suit of the inventions of others made before the alleged invention by the applicant for the patent in suit.

(q) That for the purpose of deceiving the public, the description and specification of the patent in suit has been made to contain more and/or less than the whole truth relative to the alleged invention or discovery of the said Hill.

(r) That the claims of the said patent if construed to cover the product of this defendant are too vague and indefinite to define any patentable invention, in view of the prior state of the art, being insufficient to define any field of monopoly which could validly be granted to the said Hill upon the basis of the description of his alleged invention as set forth in the application for the patent in suit, and in the specification of the patent as issued.

(s) That the claims of the patent in suit when construed to cover the product of this defendant are so board and so indefinite in their terms that they include ingredients and combinations or ingredients which are totally inoperative to make any useful stencil sheet.

11. That during the prosecution of the application which resulted in the said Letters Patent No. 1,526,982, the applicant therein so limited and restricted the claims in compliance with the requirements of the Patent Office that said plaintiff is now estopped from asserting that said claims of Letters Patent No. 1,526,982 cover anything more than the exact and specific construction shown and described in said Letters Patent and avers that when thus limited this defendant does not infringe the claims of said Letters Patent No. 1,526,982.

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12. Further answering, this defendant alleges that the claims of said purported Letters Patent No. 1,526,982 if construed broad enough to read on defendant's devices, are anticipated by the prior art patents, publications, and devices mentioned in paragraph 10 of this answer.

13. This defendant, further answering, on information and belief alleges that stencil sheets embodying the invention set forth and claimed in said Hill Patent were in public use and on sale within the United States for more than two years prior to the date of application for the Hill Patent and, in fact, as early as 1913-1914 by said The H. E. Smith Company of Newark, New Jersey, and were distributed by Hesco Products, Inc., of New York City, and others, under the name "HESCO DRY STENCIL" paper, that said stencil sheets were advertised and known to the trade as early as 1913, and were made in conformity with the formula of H. E. Smith, or others acting on his behalf, and the said formula embodied and contained the invention set forth and claimed in the Hill Patent in suit; that the business conducted by The H. E. Smith Company, in the manufacture and sale of said "HESCO" Stencil Sheets was open and notorious, and known to the attorneys and representatives of the plaintiff; that said "HESCO" sheets were manufactured in Newark, New Jersey, and that the facts concerning such manufacture were known to the following persons, among others:

H. E. Smith, Newark, New Jersey,
Miss Springer, a secretary in the employ of The H. E. Smith Company, and residing at Newark, N. J.
Edward C. Worden, Chemist, Milburn, New Jersey,
H. E. Shallcross, Philadelphia, Pa.
Joseph W. Rowe, Newark, New Jersey, and others.

14. This defendant further answering states that on or about May 12, 1925, the present plaintiff, A. B. Dick Company, filed suit in the District Court of the United States

for the Southern District of New York, against Hesco Products, Inc., in Equity No. E-32/25; that an answer was filed in said suit on June 10, 1925, setting up the fact of prior knowledge and use by The H. E. Smith Company at Newark, New Jersey; that on December 28, 1925, an amended answer was filed in said suit; that both of said answers were withdrawn under order of Court dated July 20, 1927, and are at present missing from the files of said cause; that this defendant is not informed concerning the contents of the amended answer which, on information and belief, contains additional and elaborate averments regarding the prior use of The H. E. Smith Company referred to in the original answer; that this withdrawal of the answers was by consent of counsel for both parties, and for the obvious purpose, as this defendant is informed and believes, of suppressing and concealing knowledge and information concerning the prior use of the Hill formula by The H. E. Smith Company; and that as part of the order permitting the withdrawal of said answers, the defendant, Hesco Products, Inc., submitted to the entry of a default decree in favor of the plaintiff, A. B. Dick Company, finding validity and infringement of the Hill Patent.

15. This defendant, further answering, states that almost concurrently with the entry of the withdrawal order in the Hesco Products Suit, to wit, on July 12, 1927, a bill was filed in the District Court of New Jersey against The H. E. Smith Company and H. E. Smith, defendants, charging infringement of the Hill patent, and that on the same day with the entry of the withdrawal order, to wit, July 20, 1927, an expurgated and inocuous answer was filed by The H. E. Smith Company and H. E. Smith in the New Jersey suit, which answer, however, wholly omitted any reference whatever to the prior use by The H. E. Smith Company set forth and referred to in the answers in the Hesco Products Suit.

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16. This defendant, on information and belief, charges the fact to be that the withdrawal of the answers containing damaging averments regarding the validity of the Hill Patent, and the substantially concurrent filing of a bill and answer in the New Jersey suit, and the omission of the damaging averments in the last named answer, constitute acts and proceedings of an iniquitous and collusive nature instituted and carried out for the purpose of suppressing evidence regarding the Smith prior use, and this defendant avers, on information and belief, that Harry E. Smith, and others conversant with the facts and circumstances referred to, were paid a large sum, in an amount unknown to this defendant, as a consideration for the submission to a decree and for the retirement from the market of the Hesco Stencil Sheets and for a public announcement or recantation of statements previously publicly made by H. E. Smith in trade circulars and letters that he was in possession of a full and complete defense to the claims of the Hill patent.

17. This defendant, further answering, on information and belief, states that Joseph W. Rowe was at one time associated with Harry E. Smith and was conversant with the facts concerning Smith's prior use of the invention here involved prior to the date of the Hill patent; that being thus in possession of this information, the said Rowe severed his connection with the business of The H. E. Smith Company and became associated with one Williams in the organization of a company entitled Rowe-Williams, Inc., which company proceeded to manufacture stencil sheets under a formula substantially similar to that previously employed by The H. E. Smith Company; that on July 16, 1927, suit was brought in the District Court of New Jersey by the A. B. Dick Company against Rowe-Williams, Inc., and Joseph W. Rowe, charging infringement of the Hill patent in the manufacture and sale of stencil sheets of a character similar to the Hesco Stencil Sheets previously manufactured and sold by The H. E. Smith Company; that no answer was filed to said suit against Rowe-Williams, Inc., and that a

consent decree was entered therein on or about the 5th day of August, 1927.

18. This defendant, on information and belief, charges the fact to be that the filing of the suit against Rowe-Williams, Inc., and Joseph W. Rowe, and the entry of the consent decree therein, was part of the same collusive agreement and undertaking which also involved the withdrawal of the answers in the Hesco Suit and the concurrent filing of a suit in the New Jersey Court against The H. E. Smith Company and Harry E. Smith; and this defendant is informed and believes that the said Joseph W. Rowe, and those associated with him, were paid a large sum of money, reported to be in the neighborhood of Thirty Thousand ($30,000) Dollars, as consideration for his consent to the entry of a decree and for his withdrawal from the further manufacture and sale of stencil sheets and as a consideration for his silence respecting the prior use and sale of Hesco stencil sheets by The H. E. Smith Company.

19. This defendant, further answering, on information and belief, states that one Edward C. Worden, of Milburn, New Jersey, was at or about the time in question, namely, July, 1927, engaged and retained by the Simplicator Corporation as chemical expert and investigator in the defense of the litigation then being prosecuted against the Simplicator Corporation by the A. B. Dick Company, plaintiff herein, and purportedly defended by the Arlac Dry Stencil Corporation, a Delaware Corporation; that said Worden as a result of knowledge and investigations previously conducted on behalf of the Simplicator Corporation, became conversant with the Smith prior use and reported to the attorneys for the Simplicator Corporation that he was in possession of information (but without disclosing the details of such information) constituting a full defense against the Hill patent; that prior to that time the said Worden had been engaged by Rowe-Williams, Inc., in the prosecution of certain patent applications cov-

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ering inventions owned by that company, and that when the consideration was paid by A. B. Dick Company to Rowe-Williams, Inc., and Joseph W. Rowe, the said Edward C. Worden was informed that he was in duty bound to stand by the interests then represented by Rowe-Williams, Inc., and to refund the retainer previously paid to him by the Simplicator Corporation, which was done, and that the said Worden thereafter declined further to assist in the defense of the Simplicator suit, and omitted or neglected to report to the attorneys representing the Simplicator Corporation the facts and circumstances known to him, the said Worden, regarding the Smith prior use, with the result that said attorneys never acquired knowledge of the said prior use, and the case proceeded to trial without evidence of such defense.

20. This defendant further answering, on information and belief, states that the withdrawal of the answers and the entry of the default decree in the Hesco case, and the filing of the New Jersey Suit against The H. E. Smith Company and Harry E. Smith, and the substantially recurrent filing of the New Jersey Suit against Rowe-Williams, Inc., and Joseph W. Rowe, all constituted a series of transactions which were undertaken after the representatives of A. B. Dick Company had made a full and complete investigation of the claims made on behalf of The H. E. Smith Company, and after such representatives had ascertained that such claims were true and correct, and that The H. E. Smith Company and its employees and representatives were in possession of full information concerning a prior use adequate to invalidate the Hill patent, and that such transactions were improper and collusive and in furtherance of an effort to give an unwarranted appearance of strength and validity to the Hill Patent, and that the withdrawal of the answers in the Hesco Suit was by collusive agreement and for the purpose of expunging from the records all reference to the early manufacture and sale of

Hesco stencils by The H. E. Smith Company and its representatives, and to the end that such prior use should not be brought to the attention of the representatives of the Simplicator Corporation, then engaged in the defense of a co-pending suit, or others like the present defendant.

21. This defendant is further informed and believes, and therefore charges the fact to be, that some or all of the parties involved in said collusive agreements, including H. E. Smith, Joseph W. Rowe and Edward C. Worden, have since that time been in the pay or in some measure under the domination and control of the A. B. Dick Company, and have scrupulously endeavored to conceal and evade any disclosure of the facts and circumstances involved in said transactions, with the result that this defendant, after making repeated efforts to secure detailed information from the parties conversant with the facts, has been unable to verify all of the transactions, save on information and belief, and are powerless to do so, save under Court process and by the aid of interrogatories which will compel full and complete disclosure of all phases of the transactions in question.

22. This defendant further shows, however, that prior to the time when H. E. Smith entered into said collusive agreement with representatives of the A. B. Dick Company, the Smith Company published and distributed to the trade the following notices, to-wit:

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"HESCO
Duplicator
Products

HESCO
Addressing

Address all Communications to the Company

THE H. E. SMITH COMPANY
135-141 South 15th Street
Newark, N. J.
(HESCO)

June 4, 1926.

The Heyer Duplicator Co., Inc.,
18 South Wells Street,
Chicago, Ills.

Gentlemen:

We have received information to the effect that the sale and distribution of several Dry Stencils has been discontinued. So that you may be properly informed and not be antagonized by propaganda and misinformation we repeat that this company has not been sued for infringement by the A. B. Dick Company, nor do we anticipate such suit. In any event, all our rights in this matter will be protected, and full protection given to the dealer and user of Hesco Dry Stencils.

Our rights to the use of Hesco Dry Stencils were established during 1913-1914, and the present product is manufactured in accordance with the product of twelve years ago.

All dealers should take advantage of the demand and possibilities for this excellent product, and the user can profit by the economy affected through its use.

We ask for your full co-operation and solicit your further patronage. YOU NO DOUBT APPRECIATE THE VALUE OF AN OPEN COMPETITIVE MARKET.

Very truly yours,

THE H. E. SMITH COMPANY,

(Signed) H. E. SMITH,
President."

"HESCO Duplicator Products

HESCO Addressing Stencils

Address all Communications to the Company

THE H. E. SMITH COMPANY
135-141 South 15th Street
Newark, N. J.

(HESCO)

IMPORTANT NOTICE

We learn that the A. B. Dick Company is distributing a circular advising the trade that several dry stencils, including our Hesco, are infringements of its Hill Patent No. 1,526,982.

As to the other stencils, that may be true—we do not pretend to know. But as to our Hesco, we would say that we manufactured and commercially exploited stencils of this composition many years before the application for the Hill Patent was filed, so that our paper cannot be an infringement of that patent, and we have a complete legal defense to a suit under said patent.

We have not been sued but are fully prepared to defend ourselves and our distributors against suit under this patent.

The Hesco Dry Stencil is the invention of The H. E. Smith Company, not of the A. B. Dick Company, and we have the tangible proof of this fact.

PRINTED WITH HESCO DRY STENCIL AND HESCO INK"

NOTE: This letter undated.

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23. This defendant further shows that after an agreement had been entered into with reference to the disposition of the litigation, The H. E. Smith Company sent out the following notice:

"HESCO Duplicator Stencils — Address all communications to the Company — HESCO Addressing Stencils

THE H. E. SMITH COMPANY
135-141 South 15th Street
Newark, N. J.

(HESCO)

IMPORTANT NOTICE

After due deliberation, we have arrived at the conclusion that the stencil sheet with a coating containing a cellulose compound, sold by us, is an infringement of United States Patent No. 1,526,982, granted February 17, 1925, to A. B. Dick Company, of Chicago, Illinois, and we have concluded that we would not be justified in defending the suit for infringement of that patent brought against us in the United States Court for the District of New Jersey. Accordingly, a decree has been entered in favor of A. B. Dick Company, by consent, for a perpetual injunction restraining the further infringement of the patent.

As we are obliged, therefore, to discontinue forthwith the manufacture or sale of stencil sheets having a coating including a cellulose compound and we are not prepared to produce or recommend any other kind, we have discontinued

that part of our business which was concerned in making and selling such supplies for stencil duplicating machines.

THE H. E. SMITH COMPANY

(Signed) H. E. SMITH,
President."

HESCO DRY STENCILS
SILTEX STENCILS
HESCO WAX STENCILS

(HESCO)

Incorporated 1913
Specializing in
Duplicator Supplies

NOTE: This letter undated

24. This defendant is informed that prior to the disposition of said Dick vs. H. E. Smith litigation, and while negotiating with The H. E. Smith Company with reference to the handling of Hesco Stencils, Mr. Theodore A. Heyer, President of The Heyer Duplicator Company, Inc., was interviewed by H. E. Smith, in Chicago, Illinois, and was on that occasion assured by the said Smith that he had a full and complete defense of prior use against the Hill patent, and that the Heyer company would be entirely safe in the handling of the Hesco Stencils; and on that occasion the said Smith showed to the said Heyer documentary evidence in the form of a bill of sale and bearing date more than two years prior to the application of the Hill patent, and relating to the sale of Hesco Stencil Sheets to some party in the middle West whose name was not disclosed to the said Heyer. This production of documentary evidence by Smith was accompanied by a statement that he would be able to prove by such evidence the fact that

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Hesco Stencil Sheets, having a coating of nitrocellulose, softened or tempered by oil, had been sold at a date which would constitute a complete defense to the Hill Patent.

25. This defendant is informed that none of the facts regarding said Smith Company's claim of prior use were known to the attorneys or representatives of the Simplicator Corporation until after the records had been closed and the decree entered in said suit; and that now for the first time is opportunity afforded, by the use of appropriate Court process, for the obtaining of a full and complete disclosure not only of the facts regarding the prior use, but of the nature of the agreements entered into to suppress and conceal the evidence relating to the same.

26. This defendant further answering, shows that if the facts and circumstances above set forth had been fully developed and proved in the aforesaid Dick vs. Simplicator suit, they would have constituted a full and complete defense to said suit, and would have established the fact that the supposed invention of the said Hill was in fact the invention of H. E. Smith, or others associated with him and working on his behalf, and that any effect of the decision heretofore rendered is nullified by the suppression of material evidence in the manner above set forth.

27. Defendant alleges that plaintiff, at all times, since the filing of the application for the Letters Patent here in suit, by reason of the assignment recited in the Bill of Complaint herein, having had full control of the prosecution of said Hill application, is estopped to deny the anticipating effect of the Campion Belgian patents Nos. 292,613 and 292,843 for the reason that during the prosecution of the application for the patent in suit the said Campion Patents were cited as anticipations of the invention claimed in said application, whereupon the applicant swore back of the filing date of the Campion patents under authority of Patent Office Rule 75, thereby admitting the anticipating

force of the said Campion Patents, and thereby preventing the Patent Office from applying the disclosure of said Campion patents as anticipations of, and as prior art negativing invention in, the application for the patent in suit.

28. Defendant further alleges that the plaintiff is further estopped to deny the operativeness and effectiveness of the said Campion Belgian Patents for the reason that plaintiff prior to the beginning of this suit and prior to the alleged infringement complained of herein, purchased the United States applications thereafter issued as United States Patents Nos. 1,592,338 and 1,592,340 to the said Campion, while the latter applications were still pending in the United States Patent Office, and thereafter prosecuted said applications for over two years, during all of which time and upon issuance of said applications into patents, plaintiff continuously asserted that said United States applications and patents corresponded to and were based on the aforesaid Belgian Campion Patents Nos. 292,613 and 292,843, and said plaintiff has continuously marked its stencil sheets as coming under said U. S. Campion patents, thereby taking advantage of the protection afforded by the said patents, and holding out to the public the operativeness of the said Campion patents and the corresponding Belgian patents to protect this plaintiff in its monopoly of the product alleged by it to be also covered by the patent in suit, and said plaintiff is estopped to assert that any portion of the said United States Campion patent disclosures differ from the disclosure of the corresponding Belgian Campion patents.

29. Further answering, defendant alleges upon information and belief that plaintiff is not entitled to relief in this Court of Equity because it does not come into Court with clean hands; and in support of this averment defendant alleges that plaintiff has been guilty of the following inequitable conduct:

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(a) After the rendering of the opinion by the Second Circuit Court of Appeals in the aforeidentified Dick vs. Simplicator case holding certain broad claims of the patent in suit invalid, plaintiff issued circulars to the trade misconstruing and misstating the holding of said Court, said circulars apparently being designed and intended to mislead the public as to the scope of the said Court's decision, especially since plaintiff herein had, immediately after the decision of the lower court in said case, sent broadcast to the trade copies of said lower Court's decision which held all the claims in the Hill patent valid, wherefrom the public of necessity assumed upon, reading said notices that the Court of Appeals had in all respects affirmed the lower Court, all of which constituted a flagrant misuse of the Court of Appeals opinion to harass and intimidate defendant's customers.

Said notices in words and figures read as follows:

"NEOSTYLE SALES AGENCY

(Branch Department of A. B. Dick Company)
General Offices
170 Fifth Avenue

New York, July 8th, 1929.

IMPORTANT BULLETIN

The United States Courts of Appeals has today affirmed the decision of the trial court in the Arlac case with a strong opinion in our favor.

Our patent is now validiated by the highest court, and the stencil sheets now being sold, and all others of a like nature which might be offered, containing

cellulose as broadly covered by the patent are infringements and will be summarily dealt with.

Yours very truly,

A. B. DICK COMPANY."

and

"A. B. DICK COMPANY
General Offices
720 West Jackson Boulevard
Chicago

July 8, 1929.

IMPORTANT

Stencil Paper Infringement Bulletin

The United States Court of Appeals for the Second Circuit has today affirmed the decision of the trial court in the Arlac stencil paper case with a strong opinion in our favor.

Our patent has now been sustained by the *highest court,* and the Arlac stencil sheets now being sold, and all others of a like nature which might be offered, containing cellulose tempered so as to make a stencil sheet, as broadly covered by the patent, are infringements and will be summarily dealt with.

Yours very truly,

A. B. DICK COMPANY."

(b) Despite the already pending heretofore identified suit in San Francisco brought against defendant by the plaintiff herein and despite the aforedescribed modification of the lower Court's opinion in said Simplicator case by the Court of Appeals, plaintiff has, nevertheless, harassed this defendant by again suing it in New York and upon all the claims of said patent in

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suit and has at no time intimated to defendant or his customer's that several of the broad claims of the Hill patent have been held invalid by the Court of Appeals, notwithstanding the fact that under the practice in the said Circuit Court of Appeals, as defendant is informed and believes, plaintiff is under the necessity of disclaiming the said broad claims before it is entitled to any further relief under the patent in suit, and notwithstanding the fact that plaintiff well knows the product sold by this defendant is materially different from the product of the defendant in the said New York litigation. Defendant believes and avers that the present suit is not being brought in good faith, but on the contrary for the purpose of causing this defendant financial embarrassment by forcing it to assume the defense of two suits at most widely separated points throughout the country, and with the purpose and intent of harassing defendant's customers; that defendant believes and avers that the filing of said second suit is a deliberate campaign for the purpose of destroying the credit of this defendant and of making it financially impossible for defendant to adequately carry on the present pending suit in San Francisco.

(c) Plaintiff has been guilty, as set forth in paragraphs 13 to 24 hereof, of inequitably suppressing evidence tending to show that the said Edward W. Hill was not the first and original inventor of the subject matter claimed in the Patent in suit.

(d) Plaintiff has been guilty of unfair competition with this defendant in that it has refused to service plaintiff's duplicating machines in the hands of customers thereof if and when said customers used therewith stencils sold by this defendant, and has refused to supply repair parts for such machines, notwithstanding that defendant's stencils were of superior quality and effectiveness as compared to plaintiff's stencils, and has

deliberately advised said customers that plaintiff's machines will not operate in conjunction with defendant's stencil paper, plaintiff's salesmen have also tampered with such machines to the end that they have been rendered inoperative, thereafter advising the user that said inoperativeness results from the use of defendant's stencil paper on said machines.

(e) Plaintiff has been guilty of unfair competition with this defendant in that it has refused to sell plaintiff's products to, and has cut off furnishing plaintiff's goods for sale by, dealers who also sell the stencils of this defendant, and because of such sale of defendant's product.

(f) Plaintiff has been guilty of unfair competition with this defendant in that it has procured the discharge or threat of discharge of persons selling defendant's stencils by unfairly coercing the employers of such persons selling defendant's stencils, and has further procured the withdrawal as stockholders from corporations selling stencil paper in competition with plaintiff of those who are employed by other concerns by threatening said other concerns that plaintiff would withdraw certain of its trade with said other concerns unless the latter by pressure upon said employees caused them to give up their interest in said stencil-paper-selling corporations thereby severely harassing defendant's business and prospects of business with said corporation, particularly so threatening the Bradner-Smith Co. of Aurora, Illinois, with the loss of appreciable business from the A. B. Dick Company, that the said Bradner-Smith Company prevailed upon one of the employees who was a stockholder in the Illinois Paper Company—a firm selling stencil paper and a prospective customer of defendant—to withdraw as a stockholder of said Illinois Paper Company, thereby seriously hampering the activities of said company.

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(g) Plaintiff has been guilty of unfair competition with this defendant in coercing certain publishers to refuse advertising space to this defendant by threatening to discontinue plaintiff's advertising therewith if defendant's advertisements are accepted and published.

(h) Plaintiff has been guilty of unfair competition with this defendant in coercing and threatening large users of duplicating machinery to shut off supplies and service procurable only from plaintiff if and when such users buy the stencils of this defendant, and/or if and when the employees thereof give defendant information or evidence assisting it in this litigation.

(i) Plaintiff while alleging in the said Dick vs. Simplicator litigation that Campion patents Nos. 1,592,338 and 1,592,340 are inoperative and do not describe practical stencils, as set forth in paragraph 28, has nevertheless marked its stencils under those patents, and has held out to the public that its stencils made under the patent here in suit are also protected by the said Campion patents.

(j) In prosecuting the application for the patent in suit, when confronted with the disclosures of the Campion patents above noted, plaintiff, as set forth in paragraph 27, deceptively swore back of the filing date of the applications for the said Campion patents, with the intent and effect of deceiving the Patent Office and avoiding the proper and legal effect of the said Campion patents as references.

COUNTER-CLAIM

Defendant herein, James Marr, by way of counter-claim against A. B. Dick Company says as follows:

1. That counter claimant has for a considerable time last past been extensively engaged in the sale of stencil sheets for use on duplicating machines, and has

built up and maintained a large clientele among purchasers and users of such supplies; that the stencil sheets sold by the counter claimant have been of excellent quality and well adapted and fitted for the use for which they are intended; that they are stencil sheets coated under an original formula which in no way infringes upon the Hill Patent No. 1,526,982; that, as counter claimant is informed and believes, the plaintiff, long prior to the filing of its bill in this cause, became fully conversant with the facts and circumstances indicating that said Hill patent was invalid and of no legal force and effect whatsoever, by reason of the prior manufacture and sale of stencil sheets embodying the coating described in the Hill patent by one Harry E. Smith and The H. E. Smith Company of Newark, New Jersey; that the A. B. Dick Company, and those acting on its behalf, by fraud, collusive agreements, and by the suppression of evidence, sought to cover up and conceal the facts pertaining to such prior use, as more fully set forth in detail in this the defendant's answer, with the result that such facts and circumstances were withheld from consideration by the District Court for the Southern District of New York, and by the Court of Appeals for the Second Circuit, in a suit entitled "A. B. Dick Company versus Simplicator Corporation, et al."

2. This counter claimant further shows that for a long time past, and prior to the decision of the District Court in the Simplicator Case, the plaintiff, A. B. Dick Company, by word of mouth, by circular letters, advertisements, and otherwise, as counter claimant is informed and believes, had notified the trade that the Hill Patent dominated the stencil art, including this counter claimant's product, well knowing the fact to be that the patent in suit was invalid and of no force and effect whatsoever, by reason of the prior use above referred to.

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3. This counter claimant further shows that subsequent to the decision of the District Court and of the Court of Appeals in the Simplicator suit, the plaintiff had greatly augmented its advertising and representations and has inaccurately and unfairly heralded the same to the trade, as set forth in paragraph 29 (a), with the result that the trade at large and the purchasing public have been intimidated into believing that the counter claimant's product cannot lawfully be purchased, used and dealt in, with the result that the counter claimant's business has greatly fallen off and its sales have been curtailed, and it has suffered loss and irreparable damage and injury to its business, in an amount in excess of Three Thousand ($3,000.00) Dollars, exclusive of interest and costs.

4. This counter claimant further shows that since the rendering of the decision of the Court of Appeals, the plaintiff, A. B. Dick Company, has instituted and has threatened to institute a large number of suits against all manufacturers, users and dealers in dry stencil sheets not of the plaintiff's manufacture; that a number of such suits have been filed, and that the trade at large rests in the belief, by reason of the decisions in the Simplicator case, that the Hill Patent is good and valid in law and covers a novel and meritorious invention, despite the fact that, as this counter claimant is informed and believes, said decisions were secured by fraud, collusion and the suppression of evidence, in manner and form as set forth in preceding portions of the answer herein.

5. This counter claimant is informed and believes, and therefore charges the fact to be, that the plaintiff will continue to harass and intimidate the trade by false and misleading statements of like character regarding the alleged validity of the Hill Patent and its rights thereunder, unless enjoined and restrained from so

doing, and that, in addition to the losses and damage and injury to its business, for which no adequate recourse may be obtained by legal action.

6. Counter claimant also asserts that the double prosecution to which he is now being subjected by the institution of the present suit while the aforeidentified San Francisco suit is pending has so harassed defendant that he has been damaged to an amount greater than $3,000.00.

7. Counter claimant further asserts that the unfair trade practices indulged in by plaintiff as set forth in paragraph 13 (d) hereof in and of themselves have resulted in irrevocable damage to defendant and to an amount in excess of $3,000.00.

James Marr theretofore prays as follows:

(a) That the plaintiff may be enjoined and restrained, both by temporary injunction during the pendency of this proceeding as well as by premanent injunction, from notifying the trade or others interested in or engaged in the manufacture, sale and use of stencil sheets, that the Hill patent in suit is in fact good and valid in law or of any force or effect whatsoever, or from advertising such fact by word of mouth, circular letter, trade advertisements, or otherwise, or from commenting upon or giving publicity to the decisions in the Simplicator suit, or from communicating or commenting upon the same as an adjudication of the fact that it is in possession of a valid patent covering a stencil product, or from otherwise damaging or injuring the counter claimant's business, or unlawfully interfering with the sale of its product in any manner whatsoever, or from indulging the practices set forth in paragraph 29 (a) to 29 (j) inclusive, or in any other unfairly competing practices.

(b) This counter claimant further prays that the plaintiff may be decreed to account to it for all damage

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and injury which it has heretofore suffered on account of the unfair and misleading representations made by the plaintiff, and that the counter claimant may have judgment therefor in accordance with the principles of equitable procedure applicable to the premises.

This Defendant and Counter Claimant therefore PRAYS:

1. That the bill of Complaint as filed with the above number and term be dismissed at plaintiff's costs.

2. That the plaintiff be compelled to make answer to the counter claim above set forth.

3. That a decree may be entered by this Court in conformity with the prayer contained in said counter claim.

JAMES MARR

EDWARD D. BOLTON
Solicitor for Defendant and
Counter Claimant
160 Broadway,
New York City

JAMES ADDINGTON AMES SEIBOLD
A. ARNOLD BRANT
Of Counsel

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss:

JAMES MARR, being first duly sworn, deposes and says that he has read the foregoing Answer and Counter Claim and that the averments therein are true except as to matters stated on information, and that as to the latter he believes them to be true.

JAMES MARR

SUBSCRIBED AND SWORN TO
Before me this 30th day
of September, 1929.

ARTHUR MORRIS
Notary Public

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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

A. B. DICK COMPANY, Plaintiff, *vs.* JAMES MARR, doing business as MARR DUPLICATOR COMPANY, Defendant.	In Equity No. 50-59

Reply to Defendant's Counter-Claim

(Filed October 10, 1929.)

The plaintiff for reply to the counter-claim in the answer of this defendant, says:—

1. The plaintiff is without knowledge as to the extent to which the defendant has been engaged in the manufacture or sale of stencil-sheets or as to its clientele or as to the quality of said stencil-sheets. Upon information and belief, it denies that the stencil-sheets sold by the defendant have been coated under an original formula which does not infringe upon the Hill patent No. 1,526,982, and alleges that the stencil-sheets sold by said defendant infringe said patent and the claims thereof held valid by the Court of Appeals in the decision referred to in the bill of complaint herein. The plaintiff denies that it has ever become conversant with any fact or circumstance indicating that said Hill patent was invalid or of no legal force or effect by reason of any prior manufacture or sale of any stencil-sheets embodying the coating described in the Hill patent by one Harry E. Smith or the H. E. Smith Company of Newark, New Jersey, or for any other reason whatsoever; denies that the plaintiff or those acting on its behalf, by fraud or collusive

agreements or by the suppression of evidence or otherwise, sought to cover up or conceal any fact pertaining to such alleged prior use or any other fact as set forth in the defendant's answer or at all, and this plaintiff says that it is not informed of any fact or circumstance impairing the validity of said Hill patent or any fact or circumstance not fully presented to the District Court for the Southern District of New York and the Court of Appeals for the Second Circuit in said suit of this plaintiff against Simplicator Corporation and others, which would have in any wise affected the result therein.

2. The plaintiff has from time to time notified a portion of the trade, and particularly infringers, of the existence of the Hill patent No. 1,526,982, as it is informed it was its right if not its duty, to do. It denies that said patent is invalid or known or believed by it to be invalid and the other allegations of paragraph 2 of the counter-claim except in so far as herein expressly admitted.

3. Replying to the allegations of paragraph 3 of the counterclaim, plaintiff says that, upon the decisions of the District Court and the Court of Appeals in the Simplicator suit therein mentioned, the plaintiff has informed some members of the trade of said decisions. It denies that anyone has been intimidated. It is without knowledge as to the beliefs of the trade at large or the purchasing public or the course of the defendant's business. It alleges that the stencil-sheet of the defendant is an infringement of said Hill patent No. 1,562,982, and denies each and all the allegations of paragraph 3 of the counter-claim not herein made the subject of specific reply.

4. Answering the allegations of paragraph 4 of the counter-claim, plaintiff says that since the decision of the Court of Appeals mentioned therein, the plaintiff has instituted a number of suits against infringers. It is without knowledge as to the belief of the trade at large. It alleges

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that the Hill patent aforesaid is good and valid in law and covers a novel and meritorious invention. It denies that said decisions were secured by fraud or collusion or the suppression of evidence in manner and form set forth in the defendant's answer herein or otherwise.

5. Answering the allegations of paragraph 5 of the counter-claim, plaintiff denies that it has harassed or intimidated or intends to harass or intimidate the trade or anyone by false or misleading statements or otherwise.

6. Upon information and belief, plaintiff denies each and all the allegations of paragraph 6 of the counter-claim.

Further replying, plaintiff alleges that on or about the 7th day of October, 1929, the Court of Appeals for the Second Circuit in the suit of this plaintiff against Simplicator Corporation and others, referred to in the bill of complaint and answer herein, handed down an opinion on petitions filed by the parties, of which a copy is hereto annexed; and plaintiff alleges that the claims of said Hill patent held valid by said Court of Appeals are valid and infringed by this defendant, that it is not informed of any fact or circumstance invalidating said claims and does not believe that any such fact or circumstance exists and, upon information and belief, that therefore said counter-claim does not make out any cause of action against this plaintiff.

Wherefore plaintiff prays that said counter-claim be dismissed with costs.

A. B. Dick Company,

By Albert B. Dick
President.

Archibald Cox
Solicitor and Counsel for Plaintiff

UNITED STATES CIRCUIT COURT OF APPEALS

FOT THE SECOND CIRCUIT.

A. B. DICK COMPANY,
Appellee,

against

SIMPLICATOR CORPORATION and MARTIN S. HEBERT,
Appellants.

ON MOTIONS FOR REARGUMENT AND AMENDMENT OF OPINION.

Before:

MANTON, L. HAND and AUGUSTUS N. HAND, Circuit Judges.

AUGUSTUS N. HAND, Circuit Judge:

There may be doubt about the statement in the opinion that Claims 1, 5, 10, 15, 17, 19 and 20 are not supported by the specification; but in any event there is no necessity at the present time for deciding as to the limits of the patent, or for going farther than to say that the claims other than 1, 5, 10, 15, 17, 19 and 20 are valid and infringed. Likewise the plaintiff should not be required to file a disclaimer of Claims 1, 5, 10, 15, 17, 19 and 20 seeing that a decision in respect to them upon the present record would be moot.

The motion of the appellants for a reargument is denied and the motion of the appellee for a modification of the opinion as to the disposition of claims 1, 5, 10, 15, 17, 19 and 20 is granted to the extent of dismissing the bill as to these claims not on the merits, but only on the ground that a decree as to them would be moot. The decree as thus modified is affirmed with costs.

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STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

ALBERT B. DICK, being duly sworn, deposes and says that he is the president of A. B. Dick Company, the above named plaintiff; that he has read the foregoing reply to the defendant's counter-claim and knows the contents thereof and that the same is true except as to matters therein stated to be alleged upon information and belief and as to such matters he believes the same to be true.

ALBERT B. DICK

Subscribed and sworn to before me, }
this 10th day of October, 1929. }

SPENCER A. STUDWELL
Notary Public
N. Y. Co. Clk's No. 573, No. 1-S-456
(Seal) Term Expires March 30, 1931